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Letter No. 2287

November 6, 1986

**E.C. LEVIES  
CURTAIL CORN  
IMPORTS**

U.S. corn prices have declined 37 pct. during the past two years. And yet, according to a U.S. Department of Agriculture report, U.S. corn exports to the European Community countries have dropped an estimated 70 pct. Why? The EC's sharply increasing corn import levy means that corn from countries outside the EC community cannot be imported except by the starch industry and then only when EC corn quality is unsuitable. USDA experts also report the levy apparently has increased more rapidly than changes in the world corn market and the official EC threshold prices warrant. This, the experts say, could lead one to believe that EC authorities have, in effect, decided to increase the margin of protection against corn imports in favor of domestic EC corn producers.

**SOME FACTORS  
AFFECTING  
EXPORTS**

A number of developments in October are affecting U.S. grain and feed exports, according to a U.S. Department of Agriculture report. These include a reduction in the USSR's wheat and corn import needs this marketing year, and this may increase competitive pressure on U.S. exports outside the USSR market; Thailand is considering new steps to increase the prices its farmers receive for rice and to set a more aggressive rice marketing policy for 1987; Brazil is using more corn and this may lead to increased U.S. corn sales; and Nigeria has declared an immediate ban on wheat imports.

**SOYBEAN  
SITUATION  
REPORT**

The effective price floor for soybeans this marketing year is forecast at about \$4.50, which is roughly the \$4.77 loan rate less the 4.3 pct Gramm-Rudmann reduction, according to a U.S. Department of Agriculture report. Price increases, if any, will be moderated by more than 450 million bushels of 1984 and 1985 crop soybeans under loan or owned by CCC. U.S. carryover stocks will continue to be burdensome. A 600-million-bushel carryover is forecast for the end of 1986/87. Adding to the supply situation is a world soybean production forecast that is 2 pct. higher than last season and 6 pct. over two years ago.

**CHINA BUYS U.S.  
CORN..FIRST  
TIME IN 3 YEARS**

For the first time in three years, China has bought some U.S. corn. According to the U.S. Department of Agriculture, the purchase was for 30,000 tons of industrial-use corn. The report said the purchase was in an apparent response to the continued efforts of the U.S. Feed Grains Council and may signal improving prospects for U.S. corn sales to China. In recent years, China has imported only small amounts of corn from Thailand and South Africa while exporting 5 to 6 million tons to several important U.S. markets in Asia.

# MARIJUANA WAR IN NATIONAL FORESTS

Almost 1,000 million acres of National Forests are considered unsafe for recreational uses and by U.S. Department of Agriculture Forest Service employees because the land has been commandeered by persons illicitly growing marijuana for profit. Booby traps connected to trip wires are a major hazard. New legislation authorizes the Secretary of Agriculture to designate up to 500 law enforcement officers to investigate and enforce federal drug laws within the National Forest Service. Implementation of this new authority is underway, and Sec'y of Agric Richard Lyng said, "Our objective is very simple. We hope to make National Forests free of marijuana and safe for visitors."

# CHANGE MADE IN COMMODITY CERTIFICATES

Farmers who obtain price support loans will no longer have the option of substituting their loan collateral while at the same time using generic commodity certificates to redeem their loan collateral. In making the announcement, Under Sec'y of Agric Daniel Amstutz said the storage situation that provided farmers with the substitution provisions a number of years ago has abated to the point that permitting this combination of options is no longer necessary.

# NO CHANGE IN INTEREST RATE

Commodity loans made this month will carry the same 5-3/4 pct interest rate that was in effect in October, according to the U.S. Department of Agriculture. The rate reflects the interest rate charged to the Commodity Credit Corporation by the U.S. Treasury.

# PRICES RECEIVED AND PRICES PAID ARE BOTH DOWN

Farmers received almost one percent less for their commodities on average in October than in September, according to the U.S. Department of Agriculture. Lower prices for hogs, corn, soybeans, eggs and lettuce were partially offset by higher prices for tomatoes, strawberries, milk, broilers and most small grain. On the other hand, the prices farmers paid also dropped just over half a percent.

# MORE DETAILS RELEASED ON COTTON PROGRAM

The loan level for the base quality of 1987-crop upland cotton is 52.25 cents per pound, according to the U.S. Department of Agriculture. Other provisions of the 1987 upland cotton program include: Plan B marketing loan program; No paid land diversion program; and a recourse loan program for upland seed cotton. As previously announced, a 25 pct. upland cotton acreage reduction program will be in effect.

# WHEAT PROMO/ RESEARCH PROGRAM DROPPED

The wheat and wheat foods research and nutrition education order is now history. It was terminated Nov. 1, according to the U.S. Department of Agriculture. Wholesale bakers, who contributed 73 pct. of the net funding, recently announced they no longer wish to fund the program.

# DAIRY CATTLE TERMINATION PROGRAM UPDATE

An estimated 11,500 head of dairy cattle were slaughtered during the week ending Oct. 18 as a result of the Dairy Termination Program, according to the U.S. Department of Agriculture report. Included were cows, heifers and calves. The cumulative total of cattle slaughtered under the program from April 1 through Oct. 18 is an estimated 823,300 head.



FROM OUR  
TELEVISION  
SERVICE

**MARIJUANA IN THE NATIONAL FORESTS...**USDA Forest Service Chief Max Peterson talks about the National Forest System Drug Control Act of 1986, a new law recently passed by Congress, to protect national forests that are considered unsafe because of persons illegally growing marijuana. Vic Powell interviews. (311)

**COMMODITY CERTIFICATE CHANGES...**A change was recently announced by the U.S. Department of Agriculture regarding the system used by some producers to market their commodities and benefit from price support programs. Ralph Klopfenstein, USDA's deputy administrator of Commodity Operations, focuses on commodity certificates and changes under the provisions. DeBoria Janifer interviews. (312)

**CURRENT OILSEEDS OUTLOOK...**This year's soybean production is forecast at nearly 2 billion bushels, less than 1985 totals but adding to burdensome carryover stocks. USDA economist Roger Hoskin examines this situation and factors contributing to it. Vic Powell interviews. (313)

**WORLD FOOD NEEDS AND AVAILABILITIES...**To meet minimum nutritional standards, 69 developing countries around the world are estimated to be short nearly 14 million tons of cereals this winter. USDA economist Ray Nightingale describes the situation and what is limiting development. DeBoria Janifer interviews. (314)

**NEW TAX LAWS AND FARMING...**Allen Bock, University of Illinois, talks about the upcoming changes in the new 1986 tax code and offers suggestions and advice to farmers as to how they might deal with these news laws. Gary Beaumont interviews. (315)

FROM OUR RADIO  
SERVICE

**AGRICULTURE USA #1536...**(Weekly 13½ min documentary) 1986 tax reform and the American farmer. What impact will the new tax laws signed into effect by President Reagan have on farmers. Brenda Curtis talks to USDA economist Herb Moses for the answers.

**AGRITAPE/FARM PROGRAM REPORT #1525...**(Weekly reel of news features) USDA news highlights; Negotiating farm export deals; Dryland farming; Acreage reduction and agricultural businesses; High tech nematode control.

**CONSUMER TIME #1018...**(Weekly reel of 2½-3 min features) Good-bye tax write-offs; Turkey labels; Fresh turkey revival; The #1 turkey question; IRA's and the new tax laws.

**USDA RADIO NEWS SERVICE...**Fri, Nov. 14, Milk production, cattle on feed; Tues, Nov. 18, Agricultural outlook, Weekly crop and weather; Thurs, Nov. 20, Catfish, farm labor, world agriculture. Dial the USDA National News Line 202-488-8358 or 8359. All material changed at 5 p.m. ET each working day.

OFF MIKE

Mike Wiles (KTTS, Springfield, MO) has received recognition for his work in helping to develop and carry out local extension programs. His name has been added to the Extension Leaders' Honor Role at University of Missouri. Our congratulations! ...

Kelly Lenz' latest newsletter from WIBW, Topeka, KS, reports on one way to use up butter...sculpt a cow from a block of it. A life-size cow, that is. Kelly reports WIBW and Kansas Ag Net co-sponsored the buttery likeness for the Kansas State Fair this year. And he reports that Kathy Patton of his staff and Rich Hull and Mark Vail of Kansas Ag Net won the "Celebrity Milk-Off" at the fair. (We suspect Kelly was in there pulling for them, too) ...

Speaking of fairs and similar type events, Bob Bosold says he spent considerable time in October at the World Dairy Expo and Farm Progress Days. And he says about 1,700 visitors from other countries attended the Expo. As you would expect, Bob interviewed many of the visitors ... Our Gary Crawford has been getting some rave reviews lately. He's starring in the Prince William Little Theatre's production of "Fantastiks." Sings and everything ... We were looking through some file material and ran across a note from Johnny Martin (Ohio Farm Bureau, Columbus). We may have used it before, but it bears repeating. He said he had had an antique reel-to-reel recorder that was running off speed and had it repaired. The first tape he played after getting it back was Gary's Consumer Time item that featured a drunken, off-key chicken choir singing "Autumn Leaves." Johnny was ready to call the repair shop but the singing stopped and Gary came on...in a normal voice ... Probably by the time you read this, we'll be on our way to Kansas City and the NAFB meeting. Vic Powell and I from the Office of Information will be there, along with Will Pemple, USDA-ARS, Nelson Robinson, USDA-ASCS, Doug Wakefield, USDA-FAS, and, we think, Joe O'Neill, USDA-FmHA. Hope to see you there.

*Jim Johnson*  
 JAMES L. JOHNSON, Chief, Radio and Television Division

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